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Topic:

Unlocking the Southwest Economy:
Productivity, Jobs and Fiscal Independence

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Topic:
Unlocking the Southwest Economy: Productivity, Jobs and Fiscal Independence

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EPISODE SUMMARY:

The discussion examined what economic productivity means at the state level in Southwest Nigeria and why it matters more than budget size, population or internally generated revenue. It explained that a state can collect large federal allocations and still be unproductive, while a state with modest revenue can be highly efficient, because productivity measures the value created per unit of land, labour and capital rather than what is simply received. The conversation moved across how productivity should be measured using a basket of indicators, the gaps in state-level economic data, and the distinct strengths and weaknesses of Lagos, Ogun, Oyo, Osun, Ondo and Ekiti. It stressed that fiscal independence should come from growing the tax base and pursuing broad-based growth, not from taxing already-stretched households and businesses more aggressively. It also explored the reforms needed to turn productivity gains into real jobs and incomes, including how youth unemployment in the region is less about job scarcity and more about a mismatch between available skills and available work. It closed with a look at how transport, power, security and agricultural value chains are best tackled regionally, and the coordinating role the DAWN Commission plays in that integration.

[Kechiro Ambro-Moye]
Hi everyone, and welcome back to another episode of the Kingsgate Brief, the podcast series brought to you by the Kingsgate Advisors Institute. We're excited to have you join us for another episode where we discuss deeper perspectives of important economic, development, and policy issues in a way that is easy to understand, practical, and relevant for everyday decision-making. At Kingsgate Advisors Institute, we believe that valuable ideas and research should not just remain only in boardrooms, research papers, policy meetings, and development conferences, rather, they should be shared in a way that everyone can understand, connect with, and use. In every episode, we invite practitioners, thinkers, and thought leaders to help us unpack issues shaping Nigeria, Africa, and the global economy as a whole in a way that is easy to understand and apply.

I'm Kechiro Ambro-Moye, a Research Analyst at Kingsgate Advisors Institute, and I'll be your host for today's conversation. Before we begin, we'd love for you to stay connected with us by following our social media pages, especially on LinkedIn and Instagram. Please like, comment, and share your thoughts, subscribe to our YouTube channel, and turn on the notifications so you never miss a new episode. I'd encourage you to visit our website, where you'll find more resources to help you make informed decisions.

Today's discussion focuses on a topic that affects everyone, whether you live in Southwest Nigeria or not. It will be focusing on how productive our states are and what that means for jobs, incomes, and the cost of living. Southwest Nigeria is one of the most economically important regions in the country. It includes Lagos, Ogun, Oyo, Osun, Ondo, and Ekiti, and together these six states have strong advantages in areas such as trade, agriculture, manufacturing, transportation, education, and a whole lot. However, despite these strengths, economic growth is not the same across all the states, and many people are still not fully benefiting from the region's potential.

So, the main focus of today's conversation is productivity. A state is not considered productive simply because it has a large budget, or a growing population, or higher internally generated revenue. True productivity means using labour, land, businesses, infrastructure, and public resources more effectively to create greater value. It also means that this value leads to better jobs, higher incomes, improved public services, and a better quality of life for citizens. This is important because many Nigerian states still rely heavily on monthly allocations from the Federation Account Allocation Committee (FAAC) and if Southwest states want to become more financially independent, the solution is not just to increase taxes on people and businesses that are already facing economic challenges. Instead, they need to grow their economies by supporting businesses, strengthening industries and value chains, improving infrastructure, developing workers' skills, attracting investment, and creating an environment where businesses and individuals can be more productive.

By the end of today's discussion, we hope you'll have a better understanding of what productivity means at the state level and how it can be measured. You'll also gain insight into the strengths, the challenges, and productivity gaps across the six southwest states. We'll explain why building stronger and more productive economies is the key to achieving fiscal independence, rather than simply increasing tax collection. We'll also explore how higher productivity can lead to better jobs, higher incomes, and improved living standards. Finally, we'll discuss the role of the DAWN Commission and how it is working to create more economic opportunities across the Southwest region. To help us explore these important issues, we're pleased to welcome our guest, Mr Adesoji Farayibi, the Head of Research at the DAWN Commission in Southwest Nigeria. Mr Farayibi is a Development Economist and Policy Analyst. He also co-leads First-Ford Africa, a research community focused on evidence-based and impact-driven policy research, and he chairs the Nigeria Alumni of the African Program on Rethinking Development Economics (NAPORDE). His research and consulting expertise span contemporary topics in development economics and public policy, including governance, sustainable finance, climate change, entrepreneurship, labour, and energy issues.

[Adesoji Farayibi]
Thank you for having me.

[Kechiro Ambro-Moye]
Okay, let's get right into it. I would like to start with the basics before we get into the numbers. When we say a state economy is productive, what does that actually mean, and how is it different from simply having a large budget, or a high internally generated revenue or a large population?

[Adeji Farayibi]
Thank you very much.

Productivity simply means output per unit of the factors of production. When we talk about the factors of production, we are talking about land, labour, and capital. Productivity is simply the output generated from each unit of those factors of production. When we talk about productivity in the context of a state or a state economy, productivity simply means the value that the state generates per unit of resources used. It could be measured per worker, in terms of the number of workers the state has. It could be measured per hectare, in terms of the amount of land available. It could also be measured per naira of public investment. It is really about efficiency and value creation; it is not simply about size.

A budget tells you what a state has collected, but productivity tells you what a state has created. In other words, budget size, population, and even IGR, that is, internally generated revenue, are all inputs or receipts. They are not outcomes. A state can have a large budget from federal allocations and still be unproductive. Another state can have modest revenue and still be quite efficient. For instance, two students may spend the same number of hours studying. That is the input. Yet they may obtain very different examination results. That is the outcome. The same thing applies to states. The question is this: what are the results we are getting? That is why productivity matters.

Productivity determines whether growth is broad-based and whether it translates into higher household incomes and improved living standards, rather than simply increasing GDP figures. When we talk about productivity, we are talking about what the state has created, not simply the size of its budget.

[Kechiro Ambro-Moye]
Thank you very much. That is actually a very helpful distinction to start with. Now, building on that, how should productivity actually be measured at the state level in Nigeria? Which indicators give us the clearest picture? And is it output per worker? Is it sector performance, or household income? Or is it a combination of all of these?

[Adesoji Farayibi]
There's no single number that tells the whole story. You actually need like a basket of indicators, not just a headline figure. For instance, when we want to look at these indicators, we look at different things. Output per worker is the most important because it talks about labour productivity. That's the core efficiency measures. Then we now talk about sector performance because we look at the states, which sectors are actually growing in value-added, not just in employment. When we talk about the composition of the GDP, we have the share of the sectors in the GDP. Which sectors are growing in value-added, not just in employment? We also look at the household income or consumption trends of the households of the citizens. Does growth reach the people? Because that's where growth can break down if it doesn't reach the people. When we are looking at productivity, we also look at the household income and consumption trends. And this tells us whether growth reaches the people or not.

Then we consider employment quality, whether it's formal or informal employment. Are there underemployment rates? Not just the job created, because there can be jobs or people could be underemployed, which we shall go into later. What are the jobs? Are they formal or are they informal? We look at employment quality generally. Then another aspect is looking at the business activity indicators themselves. We go into how many new businesses are registered. What is the rate of survival of the MSME, the micro, small and medium scale enterprises? Then what is the state of the ease of doing business at those stage levels? This really matters. And also, we look at the IGR relative to the GDP. When we want to consider productivity, sometimes we also look at the IGR, but it's not just about the internal and international revenue alone.

We look at the IGR relative to the GDP, so that we can do the comparative analysis very well. This shows fiscal efforts relative to the economy size, which is a much fairer comparative analysis across states because we cannot be comparing it, for instance, with Lagos state, with a different GDP size. Another thing is what the infrastructure utilisation is across the states in terms of power availability, the road density, the ports and logistics throughput. Therefore, when we talk about these indicators of productivity, there's no one indicator that should be used alone. A state can look productive in terms of GDP, but can be weak in terms of jobs. It can also be strong in terms of

IGR and weak in terms of household welfare. But when we consider a composite view, that's what's presented against misleading headline productivity figures. What I would say generally is that there's no single number that tells the story. We need a basket. These are what I've enumerated.

[Kechiro Ambro-Moye]
Okay, thank you very much, sir. And that is very interesting because there is actually no single figure or single way to compare the states, because they are very different. Now, this raises an important question about the data itself. Given the limitations of state-level economic data in Nigeria, how confident can we be in the productivity estimates that we have? And what data gaps need to be addressed to improve economic planning?

[Adesoji Farayibi]
When we are talking about state productivity data, we start from the beginning, because we often plan next year's policy with data that's already collected, but there's a great risk there. But are we confident about state-level data? The truth of the matter is that every state has the Bureau of Statistics, which works directly with the National Bureau of Statistics. Recently, the GDP estimates, for instance, from the National Bureau of Statistics were newly based on both the GDP and the CPI, which is the inflation of the consumer price index, that can better reflect the current economic realities across the states. But the state's disaggregated data still lacks a lot in terms of releases. It's only the National Bureau of Statistics that has released data as promptly as possible. Every 15th of every month, the National Bureau of Statistics releases the national data, but this is still lacking at the state level. There's a practical gap. The first has to do with the fact that there's weak data in terms of payroll data, and infrequent household surveys at the state level, because of perhaps maybe funding. There's also a limited return business registry.

There are also inconsistent methodologies across the states in terms of reporting their IGR and their capital expenditure. There are a lot of pockets of gaps here and there, but not looking at the diagnosis itself, but looking at the solution. I don't know the reasons why the commission, as a regional body, will be partnering with the Bureau of Statistics, but we can harmonise the definitions of this data and make sure we're able to also publish comparable data, maybe monthly and annually, concurrently within the state, so that we can also be able to close the reporting gap. The major gaps have to be in terms of capacity and reporting gaps, but we are working together with all the state Bureau of Statistics to be able to see how to close these gaps. But for now, we start with the level of data that we have with the state, because that's the starting point. They have the state Bureau of Statistics, they have the data, but they are not aggregated. There's not enough funding to be able to conduct a survey every time. But on the work we are doing at the commission to coordinate the state Bureau of Statistics, we're able to try to close the gap.

[Kechiro Ambro-Moye]
Thank you very much. It's very interesting to learn all of these, as it gives us a very good foundation.

Now, let's bring this down to the region itself. Looking across Lagos, Ogun, Oyo, Osun, Ondo, Ekiti, what do the available numbers actually reveal about the strengths, the weaknesses and productivity gaps within the southwest economy?

[Adesoji Farayibi]
Now you can see that the Southwest itself is not one economy. It is made up of six different economies at different stages of development, but they are just loosely bound by geography. For instance, if we look at them one by one, Lagos State is the commercial and financial hub of the nation. It dominates in services, in tech, and in trade. But of course, Lagos faces a lot of congestion. We can see what is happening in terms of flooding recently. There are also high costs of doing business because of the construction in the state. We also have infrastructural constraints that help further these efficiency gains. In terms of GDP and IGR comparison, when we look at each, for instance, Lagos itself, even though it's a commercial and financial hub, it also has its own different challenges.

Now we move to the next state, which has to do with Ogun state. Ogun state is the industrial manufacturing corridor, benefiting from the proximity to Lagos state. Of course, it's strong in cement production, in food processing, and in logistics, but there are a lot of infrastructural issues, including roads and networks and other logistics value chain in the state. Then we look at Oyo State in terms of doing more on agriculture, agri-processing, and a large informal commercial base centred in Ibadan. It is an old and very big state that focuses more on agri-processing. But how about the rest? Look at these three states. They are different states, and they have peculiar features. We now look at the other three, which are Osun, Ondo, and Ekiti.

They are more agrarian, with real but underexploited potential in cocoa, cassava, timber, and the like. In fact, for Ekiti, Osun, and Ondo, the skills are really around agro-industry and education. The honest thing is this: the major weakness in the Southwest, in terms of increasing productivity and bridging the productivity gap, has to do with infrastructure, farm competitiveness, and logistics across the region. When we want to bridge this gap, we have to make sure that we address the constraints inhibiting the states outside Lagos and Ogun. Just like I said, the Southwest itself, as a region, is one economy, but the different states are at different stages. They are just bound by geography, so they need different approaches to increase productivity and strengthen the areas of weakness across the states.

[Kechiro Ambro-Moye]
Very true, and thank you for that. We see that Lagos obviously dominates the region in economic size and internally generated revenue. And I think a lot of state governments, they look at Lagos as the model to aspire to, but how should the other five states go about identifying and developing their own comparative advantages, rather than just simply trying to reproduce the Lagos model?

[Adesoji Farayibi]
In fact, trying to become a Lagos is usually like a losing strategy already because Lagos has already won the race. It has a lot of historical significance as the former federal capital territory, and a lot of infrastructural advantages have been subject to. Lagos's advantages are very clear in terms of skills, port access, financial concentration, and the agglomeration effects that come with all of that. These are largely non-replicable advantages and cannot be easily reproduced across the states. If states choose to become mini-Lagoses in terms of their strategies, they are going to underperform. So, what should states do to develop their own comparative advantages based on their specialisations?

As I mentioned earlier, each of the states has different areas of strength that they can lean on. For instance, Ogun State can lean into manufacturing and logistics because that is where the concentration of these companies is. How about Oyo and Osun? They can leverage what they already grow. How about Ondo State? Ondo State can push towards agro-industrial development and even the blue economy because of the opportunities emerging there. And, of course, Ekiti can position itself around education, agriculture, and a business-friendly environment to attract light industry that is being priced out of Lagos. This is really very important. That is also one of the reasons the DAWN Commission was set up: to coordinate development across the Southwest region.

The DAWN Commission has a coordinating role. We do not want our states competing excessively with one another. We want them to focus more on their complementary roles as part of a single investment corridor across the region. That allows the states to develop their own comparative advantages instead of simply copying Lagos. As I said, that is what the DAWN Commission has been doing. We integrate development across the Southwest so that people do not duplicate efforts. We can come together, undertake projects collectively, and make sure the region develops as a whole.

[Kechiro Ambro-Moye]
I agree with that. And it's an interesting thing what the Dawn Commission is doing, actually, and following on from that, which sectors or value chains do you see offering the greatest potential for increasing productivity across the six states? Is it agriculture? Is it manufacturing? Technology? Which of all of these, you know, which of all of these sectors is greatest?

[Adesoji Farayibi]
Well, just like we have said, all the sectors you have mentioned are actually very important and very key to the development of the Southwest region. The only thing is to tap the opportunities that are captured in these sectors because the biggest wins we are looking for are not to find a new sector. How do we ensure that the existing sectors move up the value chain and that we are able to get the best out of them? For instance, the Southwest region has some specific characteristics that give it an advantage. The first one has to do with agriculture, especially agro-processing.

The region already produces cocoa, cassava, rice, and oil palm. The productivity gains we are looking for will come from processing locally rather than exporting raw materials and re-importing processed goods. This really matters. It is a game-changer for the agricultural sector in the Southwest region. Now, we move into manufacturing because that is also very key to industrial development. If you look at a state like Ogun, there are a lot of industrial clusters there. What becomes possible when the issues of power and logistics are addressed? A lot of industries are concentrated in Ogun State, but they face a lot of power and logistics challenges. If these can be addressed, this is going to be very important because the model can be replicated elsewhere in the region with the right industrial parks and power arrangements.

Based on the new constitutional provisions that allow states to generate, transmit, and distribute their own power, the states will be able to do so. That will help to ensure that power and logistics challenges are addressed. Then I will also go into technology and the creative economy. We can look at the Southwest as already having a competitive advantage in this area. The foundation is already there, and we can build on it through remote work and other high-value activities that are well-suited to employment generation. When we talk about technology and the creative economy, we should look at the entire value chain. Once these sectors are developed, they will be able to employ a lot of people and bring about productivity gains across the region.

Finally, we look at logistics and trade facilitation. As we said, the region has ports, road networks, and proximity to broader markets. Efficiency in logistics itself is very important. Without efficient logistics, which is a productivity multiplier, no sector will be able to grow. When we talk about sectoral value chains that offer the greatest productivity potential in the Southwest, we should look at the areas where the region already has strong potential. We should identify the advantages that are already inherent in these sectors. The biggest thing is that, if we want to enhance productivity, we have to enhance what already exists, not create something entirely new. We should fine-tune the value chains within these sectors so that they can deliver better productivity for the region.

[Kechiro Ambro-Moye]
Definitely. The best thing to do is to build on what we already have, not look for other things. That's actually a very useful map where all the opportunities lie. Let's talk about fiscal independence, because that's the heart of today's conversation. Many states say they want to produce and reduce their dependence on FAC, but the immediate response is often simply to collect more taxes, right? Now, how can states expand their revenue base without placing additional pressure on households and businesses that are already struggling?

[Adesoji Farayibi]
Yes, thank you. Expanding state revenue without squeezing already pressured taxpayers is very important. And, like I always say, most of the time, when people talk about states depending on FAAC allocations, I want to say that FAAC is one of the revenue sources available to the states, and it is their constitutional right. FAAC is not just about dependence; it is a constitutional right, and

every state needs to use those allocations in the way it considers appropriate. I think the question is not whether states should depend on FAAC, but how they can grow their internally generated revenue. It is not a dependence issue; it is about increasing the revenue base and broadening it. Now, when we talk about IGR, internally generated revenue, one instinct is simply to tax more aggressively. But when we do that, we are targeting the same people repeatedly. If the tax base, which has to do with the number and size of businesses, formal employment, and household income, is not growing, more aggressive tax collection will simply extract more from the same shrinking pool. When that happens, it becomes economically damaging, and eventually it defeats the very purpose of generating revenue. What we need to do is grow the tax base. Once that happens, revenue collection will rise naturally. If you want to generate more revenue, you grow the tax base so that revenue can increase naturally.

How do we do that?

First, we improve the ease of doing business so that there are more registered businesses. This is very important. Then we will have more formal employment because, when business conditions improve, people can employ more workers and more businesses will become formalised. There will also be more transactions in the economy. Household incomes will increase because there is more activity, the economy is moving, and GDP is growing. This is the difference between chasing revenue and chasing growth. What states should do is pursue growth because growth produces revenue as a by-product. Increasing IGR should not be the target. It should be the by-product of pursuing growth. The focus of the states should be to increase growth, and revenue will eventually follow.

When there is an increase in economic activity, there will be employment, higher returns for businesses, and higher household incomes. Then, naturally, IGR will rise. There are other levers we can use to grow the tax base. One of them is the formalisation of MSMEs because many of them still operate in the informal sector. We need to formalise them through the right incentives rather than through penalties. We also need digital tax administration. That will help widen the tax net without increasing tax rates. Targeting sectors with low levels of formalisation but high turnover is also very important. This is especially important because it aligns with the current tax laws that were recently passed. One of the goals is to bring more businesses into the tax net, and that really matters.

For the region to generate more revenue, we need to ensure that the large informal sector is properly captured so that leakages can be reduced. We also need to make sure that the economy continues to grow. Businesses will then earn higher returns on their investments, employment will increase, households will have higher incomes, and welfare will improve. By doing that, the states' revenue will definitely increase.

[Kechiro Ambro-Moye]
All right, so, beyond revenue collection itself, what are the most important reforms Southwest states need to undertake to build genuine, stronger, productive economies? Whether it's land administration, infrastructure, skill regulation, security, or access to finance or more capable institutions?

[Adesoji Farayibi]
The most important reforms for building stronger and more productive economies are very clear. There are many of them, but I think the key ones have to do with power, land, and institutions. Let me take them one by one. We need more reforms around infrastructure development. Interestingly, as I said, there are already reforms coming from the centre that states in the region can key into, especially in terms of power and rail. These reforms now give states the opportunity to generate their own power, transmit it, and distribute it.

The law also allows states to build railways. When we talk about infrastructure, this is a major way to make progress. In terms of power and roads, this infrastructure will improve logistics. One of the biggest cost drivers for firms is unreliable power supply. Unreliable power alone can erase any tax incentive that states want to offer. For instance, when a state like Ekiti connects to major road networks, it gives the state easier access to investors, drives down operating costs, and makes the state more attractive to firms.

Another issue, as you mentioned, has to do with land administration. There are a lot of issues around land titling itself. How long does registration take? After purchasing a property, what is the process of obtaining land titles? These things matter. When land administration becomes more predictable, it directly affects investment decisions. Investors want to know that they can obtain titles, complete registrations, and operate with ease. That makes it easier for them to come in and invest. When land disputes remain unresolved, they become a major obstacle. If somebody wants to establish a factory and is unable to resolve land issues, that becomes a disincentive to investment.

Another important reform has to do with skills alignment. Usually, there is a mismatch between what is taught and what growing sectors need, whether in agro-processing, logistics, or digital skills. Skills are very important. Whenever we talk about productivity, skills and education are among the major drivers. There needs to be reform to ensure that the skills being developed are aligned with productivity, industrial growth, and the sectors that contribute most to growth within the state. Another important reform has to do with access to finance, especially for MSMEs, because they are major drivers of productivity and industrial growth.

When MSMEs and agro-processors have easier access to finance, they are able to expand their businesses. We also need to think about creditworthiness and the many MSMEs that are not served by commercial banks. States need policies that improve access to finance for MSMEs, agro-processors, and investors who are willing to invest. Finally, we come to institutional capacity and regulatory predictability. When we talk about institutions, we are talking about the rules and regulations that govern economic activity. We also need to consider regulatory quality. If investors have to go through too many procedures before they can begin operating, they may decide not to invest.

There should be a way to streamline these processes so that investors can come into a state and begin operating more easily. As I said, the major reforms are around infrastructure, land administration, skills, access to finance, institutional capacity, and a regulatory environment that supports ease of doing business so that productivity can improve across the Southwest region.

[Kechiro Ambro-Moye]

Thank you, sir. The next point that we're going to discuss really matters to our audience a lot because economic growth doesn't always translate into better jobs or improved living standards. What must the Southwest states do to make sure productivity gains actually lead to higher incomes, better quality employment and reduced poverty?

[Adesoji Farayibi]

Yes, thank you.

We should be able to enhance productivity gains and make sure that they translate into higher incomes and reduced poverty because growth and welfare are not the same thing, just as you pointed out. You can grow the economy and still see poverty remain unchanged. That is why, at times, when economies report strong numbers and we say that GDP is growing, people still complain because they do not see improvements in their welfare.

So, what is the transmission mechanism?

Growth improves living standards only when it happens across sectors that, first, employ many people and, second, pay above subsistence wages. Those things really matter. They are the transmission mechanisms. When we are looking at productivity and growth and how they reach people and improve jobs and living standards, we have to look at the composition of GDP itself. What share does each sector contribute to GDP? Which sectors contribute the most? Then we strengthen and empower those sectors so that, first, they can employ more people and, second, they can pay above subsistence wages.

When sectors employ more people, unemployment falls. When wages rise above subsistence levels, consumption also increases. Over time, household poverty can begin to decline. Growth that is concentrated only in capital-intensive or narrow sectors, such as oil and gas or a handful of large firms, may raise GDP, but it does not necessarily affect household income. That is why we have to focus on sectors that can employ more people. For instance, the manufacturing and industrial sectors are already important in the region, but we have to make sure that we revive and strengthen them. To achieve that, we need more formalisation within the informal sector so that businesses can expand, employ more people, and pay above subsistence wages.

We also need wage floors. As I said, the minimum wage is important, but many businesses in the informal sector cannot cope with it. We need wage floors within growing sectors so that people can earn decent incomes that lift them out of poverty. For instance, agro-processing and manufacturing matter because they are labour-absorbing sectors. Unlike subsistence agriculture, agro-processing and manufacturing have a much greater capacity to absorb labour. When these sectors become more productive, they will be able to employ more people.

Another thing we should look at is public service delivery because it is also a productivity multiplier. Whether we are talking about healthcare or education, people need adequate access to these services. How many people have access to healthcare? Is it financed through out-of-pocket spending or health insurance? How many people have access to quality education? These things determine how well the economy grows, the quality of the workforce, and the economy's ability to create better jobs. These are some of the things that need to be done. We need to identify sectors that can employ more people and pay above minimum wages so that growth goes beyond increases in GDP. In that way, growth can affect household incomes, increase employment, and ensure that productivity gains actually reach the people themselves.

[Kechiro Ambro-Moye]
Yes, thank you very much for that, sir. On that note, youth unemployment and underemployment remain major concerns across the region and the country as a whole. How can these states help young people move out of low productivity, insecure work and into sectors that actually offer stronger skills, better wages and real career prospects?

[Adesoji Farayibi]
Youth unemployment in the Southwest is not really a story of job shortages. It is more a story of job mismatch in terms of the skills that young people possess and the kinds of jobs that are available. Helping young people move from insecure work into stronger sectors really matters. Unemployment, as you said, is different from underemployment. Unemployment is when somebody is willing to work but does not have a job because the jobs are simply not available. Underemployment, on the other hand, is when somebody is working in a low-productivity, insecure, or informal job.

A lot of young people are underemployed. Most of the youth workforce is working, but many are in low-productivity, insecure, and informal roles. For instance, many are involved in different kinds of trading. You see them in the informal sector, running kiosks and engaging in all sorts of small businesses. Others are in transportation, driving for Uber and similar services. Everybody wants to do one thing or another. Many are also engaged in low-value services. The problem is that these jobs do not build transferable skills or wealth over time. You just see people doing the same things repeatedly. Some of these businesses are not registered. Many of them do not have growth plans, and there are few opportunities to develop transferable skills.

So, how do we solve the problem of unemployment and underemployment in the region? The first thing has to do with apprenticeships and technical and vocational education. As we have been discussing, there has been a decline in manufacturing and industry. Why are we not able to produce some of the simple things we need within the country or the region? We should be able to assemble many of these products ourselves. That depends on apprenticeships and technical and vocational education, but they need to be tied directly to growing sectors. When we identify growing sectors such as agro-processing, logistics, and digital services, we should identify the skills that are needed and create technical and vocational programmes around them. I am not saying that fashion design, cake making, and baking are not good. They are. But we also have to pay attention to productive sectors such as agro-processing, logistics, and digital services.

When we identify these sectors, we can create technical and vocational programmes around them so that we can build the knowledge base and the skill sets required and enable more people to work in those sectors. Another important step is state-backed MSME financing. One of the things holding many young people back is a lack of access, not just access to finance. A lot of people have good business ideas, but they do not have the resources to get started. Can we have state-backed MSME financing directed at youth-led enterprises? This would also involve the deliberate location of new industrial investment in inland states such as Osun, Ondo, and Ekiti. We should have targeted youth financing programmes that deliberately bring more young people into industrial development rather than focusing only on Lagos and Ogun. The goal is not simply to create more jobs. The goal is to create jobs that allow young people to build careers rather than merely survive. A lot of young people have jobs, but they are survival jobs. They need jobs that build transferable skills and create wealth over time. If we are able to make some of these investments, we will help young people move from insecure jobs into stronger sectors that create wealth and raise productivity across the region.

[Kechiro Ambro-Moye]
Okay, now, let us close out with the regional angle since that's really where the DAWN Commission work actually comes in. Which economic challenges and opportunities do you think would be better addressed collectively by the six states rather than each state just acting on its own? Is that going to be transport, power, security, or agricultural value chains? Which of these?

[Adesoji Farayibi]
Some problems do not respect state boundaries. In fact, they do not even respect international boundaries. They cut across them. For instance, when we talk about power, transport, and security, these issues affect all six states, whether we coordinate our efforts or not. We can deal with these challenges better when we solve them collectively rather than on a state-by-state basis. That is

why regional integration is so important. There are some areas, sectors, and issues that we need to address collectively. The first has to do with transport and logistics corridors. I say this a lot: a road network is far more valuable when it connects states than when it is built in isolated segments. For instance, the Lagos-Ibadan Expressway passes largely through Ogun State. When we talk about the Ibadan-Ife Road, we see the same thing.

Transportation and logistics corridors are much more valuable when they connect states rather than remain isolated. This infrastructure has to be developed collectively so that we can have co-ordinated development across the region. Another area in which we can work together has to do with power. Power is very important. Can we have shared grid investments and off-grid solutions that benefit everyone and that no single state can finance alone? As I said, the power sector has moved from the exclusive list to the concurrent list, which means states can generate, transmit, and distribute their own power. But power investments are very expensive. Can we have shared grid investments and off-grid solutions so that states can come together around a large grid that everyone can connect to? Lagos is already pursuing its own model, but can we develop a regional grid rather than one based on a single state?

Then there is security, and we have already been doing some of this. Cross-border criminal activity and rural security threats to agriculture do not stop at state boundaries. A joint security architecture is very important, and that is one of the reasons the DAWN Commission introduced the concept of Amotekun, which has already been adopted by five states. Lagos operates a neighbourhood watch system. Security across the region cannot be handled by each state alone because there are many border areas and cross-border activities that need to be addressed. There has to be a joint security architecture so that the region can become a preferred place for people to visit, live, work, and invest. That is very important.

Then there is agriculture and agricultural value chains. For instance, a crop grown in Oyo may be best processed in Ondo and exported through Lagos. We know that Lagos is the destination for a lot of agricultural produce coming from states such as Ondo and Ekiti. Instead of simply moving raw products from one place to another, we can have a coordinated process whereby crops grown in Oyo are processed in Ondo and then supplied to the final consumers through Lagos. When we have coordinated planning that captures value across the states, it is much more beneficial than having states act alone. We can also look at investment promotion across the region because this is very important. A single regional investment pitch is more credible to large investors than individual pitches from separate states. That is why many investors coming into the Southwest engage with the DAWN Commission.

The DAWN Commission helps to mobilise resources because it is a dedicated institution established to support the sustainable development of the Southwest. We work to strengthen development across the region and deepen regional integration. When investors come in, we are able to coordinate development and investment across the states. By and large, the DAWN Commission has been at the forefront of promoting regional cooperation so that states do not duplicate efforts. We can come together, combine resources, coordinate our activities, and build a more competitive region. It is much better to have a collective development framework than to proceed on a state-by-state basis.

[Kechiro Ambro-Moye]
Thank you so much for that, sir. Finally, tell us a bit about what the Dawn Commission is currently doing to help the six Southwest states to raise productivity, to coordinate regional priorities, and to unlock shared economic opportunities. What more do you think the Commission should do to actually deepen regional integration and deliver measurable results?

[Adesoji Farayibi]
The DAWN Commission, as I have said, is the coordinating institution for the sustainable development of the Southwest region. The DAWN Commission was set up by the governments of the six Southwest states of Nigeria as an institutional body to revive the region's integration agenda. We have been coordinating the development aspirations of the region as expressed in our agenda. We have been doing a lot in terms of infrastructure development and coordinating development across the region. For instance, as I mentioned earlier, there were constitutional changes relating to rail and power. We also organised public discussions on how to develop a regional power grid across the states so that, instead of working individually, the states could come together and build a stronger system.

In terms of rail transportation, the DAWN Commission has also brought together stakeholders from across the region. In fact, we have developed a rail map covering about 42 towns, cities, and communities across the Southwest so that the region can function as a single bloc where investors can come and invest. We have been coordinating regional processes and development aspirations to ensure that the region continues to grow and improve. In terms of research and data, we also do a lot of work. We produce reports, such as the one we have referred to, and we engage state governments on shared regional priorities. We also support the harmonisation of development plans across the region. Each state has its own development plans, but we need to harmonise them so that, as a region, we have a common development plan and a clear sense of direction. Another thing we do is to harmonise our aspirations around sectors such as agriculture, security, and infrastructure development.

This is very important because we want to ensure that we have standardised and publicly available regional data that can support investment and development across the region. We have also done a lot of work in areas such as homeland security, economic competitiveness, agriculture, and investment promotion to ensure that the states work together and make the region a preferred place for people to visit, live, work, and invest. We will continue this coordination because coordination is often taken for granted until people see the cost of not working together. We coordinate

activities so that we can avoid duplicating projects and avoid competing unnecessarily with one another, while creating an environment that attracts investors. The DAWN Commission has been carrying out this work for more than 13 years, and we will continue to do so. We coordinate and partner with governments and non-state actors to ensure that this integration continues and that the competitiveness of the Southwest region continues to improve.
Thank you very much.

[Kechiro Ambro-Moye]
Thank you so much for joining us today, Mr Farayibi, and for sharing your insights. One of the biggest lessons from this conversation is that productivity is not just an abstract economic term. It is about whether a state is building an economy that creates better jobs, increases people's incomes, and improves their overall quality of life, rather than simply generating more government revenue. It is also clear that each of the six Southwest states has its own unique strengths. Instead of trying to become another Lagos, each state should focus on developing the sectors where it has the greatest advantage and can compete most effectively.

To our viewers, thank you for staying with us throughout today's discussion. We hope this conversation has given you a better understanding of what productivity means at the state level, why fiscal independence depends on building a stronger and more productive economy rather than simply raising more taxes, and how regional cooperation through institutions like the DAWN Commission can help create more shared economic opportunities across Southwest Nigeria.

To everyone watching, whether you're joining us live or watching this later, thank you for being with us. Please stay connected with us by following us on our social media platforms, especially on LinkedIn and Instagram. Also, don't forget to subscribe to our YouTube channel and turn on the notification bell so you'll always know when we release a new episode.

Thank you for watching, and see you next time.

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